

RECORDATION NO. 23388-C FILED

ALVORD AND ALVORD

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AUG - 2 '01

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SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

July 13, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Memorandum of Railcar Security Agreement dated June 22, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Assignment and Assumption Agreement which was previously filed with the Board under Recordation Number 23388.

Secured
Party:

The Sanwa Bank Limited
55 East 52nd Street
New York, NY 10055

Borrower:

MRC Rail Services, LLC
One California Street
Suite 1500
San Francisco, CA 94111

A description of the railroad equipment covered by the enclosed document is:

60 railcars marked BRAN 6200-6259

Mr. Vernon A. Williams
July 13, 2001
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Railcar Security Agreement.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee and cross-indexing fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. W. Alvord", written over the printed name.

Robert W. Alvord

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF RAILCAR SECURITY AGREEMENT

This Memorandum of Railcar Security Agreement is made and entered into as of June 22, 2001, by and between THE SANWA BANK LIMITED, New York Branch (hereinafter referred to as the "Bank") and MRC RAIL SERVICES, LLC (hereafter referred to as the "Borrower").

The Borrower has requested the Bank to make a loan to the Borrower, pursuant to a Master Promissory Note, between the Bank and the Borrower, dated August 4, 2000 (the "Master Promissory Note") setting forth the terms and conditions of such loan;

As consideration for a loan which has been made to the Borrower pursuant to and as evidenced by the Master Promissory Note, the Borrower has executed the Pledge and Security Agreement with the Bank on June 22, 2001 (the "Security Agreement") and granted to the Bank a security interest in all of the following property now owned or at any time hereafter acquired by the Borrower or in which the Borrower now has or at any time in the future may acquire any right, title or interest:

(1) the railcars described on Schedule I attached hereto (the "Equipment", any railcars comprising the Equipment shall be referred to as the "Car"), together with (i) any replacement substituted for any Car, (ii) all parts of any Car except for loading devices or any accessories provided by lessee or other user of any Car or any other party other than the Borrower, (iii) all logs, manuals and data and inspection, modification and maintenance records maintained in respect of the Equipment, including, without limitation, all such logs, manuals, data and records required to be maintained by any applicable regulatory agency or body of any jurisdictions, and (iv) all property insurance policies relating to the Equipment purchased by the Borrower, the lessee or other user of the Equipment;

(2) all of the rights, powers, privileges, remedies and other benefits of the Borrower in, to and under any and all contracts, agreements and instruments with the manufacturers or vendors of any of the Equipment, including, without limitation, the right to enforce warranties and to receive, to collect all payments in respect thereof, and to commence, conduct and consummate legal, administrative or other proceedings, as shall be permitted thereby or by law;

(3) all property insurance and requisition proceeds with respect to the Equipment or any part thereof; and

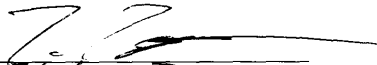
(4) all other proceeds of any of the foregoing.

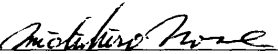
As contemplated by the Security Agreement, the Bank and the Borrower hereby make this Memorandum of Railcar Security Agreement to confirm and perfect the Bank's security interest in the Equipment. The Bank and Debtor further acknowledge and confirm that this Memorandum of Railcar Security Agreement is not a summary of the Security Agreement nor a complete recitation of the terms and provisions thereof. Accordingly, the Bank and the Borrower agree that in the event of a conflict between this Memorandum of Railcar Security Agreement and the provisions of the Security Agreement, the provisions of the Security Agreement shall control.

IN WITNESS WHEREOF, each of the parties thereto, pursuant to due corporate authority, has caused this Memorandum of Railcar Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

BANK:
THE SANWA BANK LIMITED

BORROWER:
MRC RAIL SERVICES, LLC

Name: 
Title: Takaharu Ozawa
Vice President

Name: 
Title: President

STATE OF NEW YORK
COUNTY OF NEW YORK :SS

On this 25th day of JUNE, 2001, before me personally appeared Takafuru Togawa to me personally known, who being duly sworn, says that he is a VICE PRESIDENT of THE SANWA BANK LIMITED, NEW YORK BRANCH, a Japanese corporation, that said instrument was signed on behalf of said corporation by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public
[NOTARIAL SEAL]

RENKO HARA
Notary Public, State of New York
No. 60-4727058
Qualified in Westchester County
Commission Expires July 31, 12, 2002

My Commission Expires:

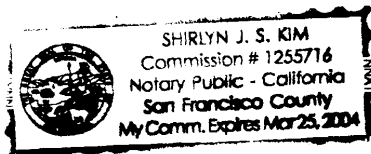
STATE OF California
COUNTY OF SAN FRANCISCO :SS

On this 22nd day of June, 2001, before me personally appeared Michihiro Nose to me personally known, who being by me duly sworn, says that he is a president of MRC RAIL SERVICES, LLC, a Delaware limited liability company, that said instrument was signed on behalf of said company by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.


Notary Public

[NOTARIAL SEAL]

My Commission expires: 3/25/04



SCHEDULE 1
TO MEMORANDUM OF RAILCAR SECURITY AGREEMENT
DATED JUNE 22, 2001

Description	Number of Cars	Marks	Car Numbers
Three-unit articulated double-stack railcars	60	BRAN	6200 - 6259